

August 19, 2015

Item No. 18

**AUTHORIZATION TO EXERCISE OPTION YEARS TWO AND THREE WITH
AON RISK SERVICES, INC. FOR ACTUARIAL SERVICES**

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to exercise the second one-year option under the Actuarial Services contract with Aon Risk Services, Inc. ("Aon"), for the period of January 1, 2016 through December 31, 2016, in the firm-fixed fee amount of \$28,121.60, and authorize the Chief Executive Officer or his designee to exercise the third and final one-year option under the contract, in the firm-fixed fee amount of \$29,246.60, for the period of January 1, 2017 through December 31, 2017, based upon performance of the vendor and subject to the discretion of the CEO or his designee.

CORPORATE GOAL

The CHA must protect its assets by annually evaluating its self-insured exposures and assuring that claim reserves are adequate, so that its assets and financial interests are fiscally sound and protected.

FUNDING: General Fund

SOLICITATION SUMMARY

Vendor:	Aon Risk Services, Inc.
Address:	200 East Randolph Street
City:	Chicago, IL 60601
Contract Type:	Professional Services
Original Contract Amount:	\$51,000.00 – Two year base period - Firm-Fixed Fee
Option Year 1 Contract Amount:	\$27,040.00
Option Year 2 Contract Amount:	\$28,121.60
Option Year 3 Contract Amount:	\$29,246.26
Aggregate Total Contract Amount:	\$135,407.86
Original Contract Term:	January 1, 2013 – December 31, 2014
Option Year 1 Term:	January 1, 2015 – December 31, 2015
Option Year 2 Term:	January 1, 2016 – December 31, 2016
Option Year 3 Term:	January 1, 2017 – December 31, 2017
M/W/DBE Participation:	20% - Risk Management Solutions of America
Section 3:	1.5% contribution to scholarship fund

GENERAL BACKGROUND/EXPLANATION

Given the scope and breadth of the Chicago Housing Authority's reserve fund for the payment of claims for which the authority may be legally liable, it is essential that the CHA have an actuarial review process in place to ensure the adequacy of reserving policies and practices. Responsibilities of the actuarial review include determining an accurate estimate of liabilities for the CHA's self-insured workers' compensation, public officials & employment practices liability, auto liability and general liability claims as of the end of a calendar year. The review is performed using relevant Actuarial Standards of Practice.

RECOMMENDATION

Based on the foregoing, it is in the best interest of the Chicago Housing Authority to exercise the Second Option Year of the actuarial services contract with Aon in the firm-fixed fee amount of \$28,121.60, and for the CEO or his designee to be granted the authority to exercise the Third Option Year in the firm-fixed amount of 29,246.26, based upon performance of the vendor and subject to the discretion of the CEO or his designee.

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and applicable federal (HUD) procurement laws. The Chief Financial Officer concurs with the recommendation to approve the exercise of the second and third options reserved to the CHA under the actuarial services contract with AON.

The CEO/President recommends the approval to exercise the Second Option Year of the contract in the amount of \$28,121.60, and recommends that the Board of Commissioners authorize the CEO or his designee to exercise the Third Option Year in the firm-fixed fee amount of 29,246.26, subject to the vendor's satisfactory performance, at the discretion of the CEO or his designee.

RESOLUTION NO. 2015-CHA -

WHEREAS, The Board of Commissioners has reviewed the memorandum dated August 12, 2015 entitled "AUTHORIZATION TO EXERCISE OPTION YEARS TWO AND THREE WITH AON RISK SERVICES, INC. FOR ACTUARIAL SERVICES"

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, The Board of Commissioners authorizes the Chief Executive Officer or his designee to exercise the Second Option Year of the actuarial services contract Aon in the firm-fixed fee amount of \$28,121.60, and authorizes the Chief Executive Officer or his designee to exercise the Third Option Year of the contract in the firm-fixed fee amount of \$29,246.26, based upon satisfactory performance of the vendor, at the discretion of the CEO or his designee.

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